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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA
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13 In the Matter of:) NMLS ID. 397945
14 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) ACCUSATION IN SUPPORT OF ORDER
15) REVOKING MORTGAGE LOAN
16) ORIGINATOR LICENSE OF WILLIAM JOHN
Complainant,) MICKLEY, JR.
17)
v.)
18 WILLIAM JOHN MICKLEY, JR.,)
19 Respondent.)

20 Complainant, the Commissioner of Business Oversight (Commissioner), finds against the
21 Respondent William John Mickley, Jr. (Mickley) as follows:

22 **I.**

23 **Introduction**

24 The Commissioner seeks to revoke Mickley’s mortgage loan originator (MLO) license
25 pursuant to Financial Code section 50513 because Mickley failed to disclose the fact that he was
26 terminated from his job and that he was named in a civil lawsuit seeking to enjoin him from
27 conducting business in financial services. In addition, revocation is necessary because Mickley
28 cannot demonstrate that he has “such financial responsibility, character, and general fitness or to

1 command the confidence of the community” or that he “will operate honestly, fairly, and efficiently
2 within the purpose of this division.”

3 **II.**

4 **Statement of Facts**

5 **A. MLO Licensure with DBO**

6 1. On January 18, 2011, Mickley filed an application for a MLO license with the
7 Commissioner pursuant to the California Residential Mortgage Lending Act (CRMLA) (Fin.
8 Code, § 50000 et seq.). The application was for employment as a MLO, and was submitted to
9 the Commissioner by completing and filing a Form MU4 through the Nationwide Mortgage
10 Licensing System & Registry (NMLS).

11 2. In submitting his application, Mickley was required to sign an oath and attestation agreeing
12 “to keep the information contained in this [MU4] form current and to file accurate supplementary
13 information on a timely basis....”

14 3. Based on the information provided in his application and his agreement to keep the
15 information current and to timely supplement the information, Mickley was issued an MLO license
16 on March 3, 2011.

17 4. As a prerequisite to having the MLO license, Mickley was required to have a sponsoring
18 company, which he satisfied through his employer, Mount Olympus Mortgage Company, Inc.
19 (MOMCo).

20 **B. Theft from Employer and Misrepresentation to Borrowers**

21 5. In early June 2014, Mickley was recruited to join a different employer - a competitor of
22 MOMCo - Guaranteed Rate, Inc. (Guaranteed). In the course of his recruitment, Mickley
23 surreptitiously and without MOMCo’s knowledge or consent, arranged to transfer or abetted in
24 transferring MOMCo’s confidential customer loan information to Guaranteed. Such actions
25 violated MOMCo’s written policies, which Mickley had signed and agreed to abide by as a
26 condition of employment.

27 6. In addition, Mickley failed to disclose to MOMCo’s customers that their loans were being
28 transferred to Guaranteed without their consent or knowledge. For example, on or about June 3,

1 2014, Mickley did not disclose to a customer that his application was no longer being processed by
2 MOMCo. Instead Mickley falsely assured the customer that Guaranteed was merely the “rate lock
3 department,” leaving the impression that MOMCo was still processing the loan.

4 **C. Failure to Disclose Job Termination**

5 7. On or about June 13, 2014, MOMCo terminated Mickley’s employment based in part on
6 allegations that he was misappropriating MOMCo’s confidential and proprietary information,
7 and diverting customers from MOMCo to Guaranteed. MOMCo notified DBO that same day
8 by submitting an entry into the NMLS that it had terminated or “discharged” Mickley from its
9 employment and that it would no longer be his sponsoring company.

10 8. On June 27, 2014 Mickley filed an amended MU4 application through the NMLS
11 wherein he updated his “current employer” to remove MOMCo.

12 9. Despite amending his application, Mickley continued to answer “no” to Termination
13 Disclosure question (Q)(2) on the MU4 application, which specifically asked:

14 (Q) Have you ever voluntarily resigned, been discharged, or permitted
15 to resign after allegations were made that accused you of: (2) fraud,
dishonesty, theft, or the wrongful taking of property?

16 Mickley attested under oath to the truth and completeness of this statement, despite notification that
17 MOMCo had terminated his employment based in part on allegations of theft of its confidential and
18 proprietary information.

19 10. Mickley subsequently submitted at least 17 additional amended MU4 applications through
20 NMLS from 2014 to 2017. In each of the 17 amended MU4 applications, Mickley continued to fail
21 to change his response to Termination Disclosure question (Q)(2) to disclose that he was discharged
22 from MOMCo after allegations of fraud, dishonesty, theft, or the wrongful taking of property were
23 made against him.

24 **D. Failure to Disclose Lawsuit**

25 11. On or about June 19, 2014, MOMCo initiated a civil lawsuit against Mickley in Orange
26 County Superior Court. The complaint in the lawsuit alleged that Mickley, working with other
27 MOMCo employees “conspired with Guaranteed, during the course of several months, to carry
28 out a scheme to defraud MOMCo of its confidential and proprietary information” and

1 “misappropriated MOMCo’s confidential and proprietary information and directed MOMCo
2 customers to Guaranteed in violation of their respective agreements with MOMCo, as well as
3 California common law and statutory laws.” Furthermore, the complaint included a prayer for
4 relief seeking an “injunction restraining and enjoining” Mickley and others “from disclosing or
5 utilizing any confidential, proprietary and trade secret protected information obtained from
6 MOMCo including, but not limited to, the identity of MOMCo’s customers and their
7 preferences for MOMCo’s loan origination services.” In other words, the lawsuit brought by
8 MOMCo sought injunctive relief that prohibited Mickley from engaging in lending services for
9 borrowers whose files and identities Mickley had stolen from MOMCo and given to
10 Guaranteed.

11 12. Mickley was personally served with the summons and complaint by on or about June 25,
12 2014. Despite notification that he was named in a civil action related to financial services where
13 the plaintiff was seeking to enjoin him in connection with financial services-related activity,
14 Mickley never disclosed this fact to the Commissioner. Mickley amended his MU4 application
15 at least 17 times after being served with the summons and complaint, but did not change his
16 answer from “no” to “yes” in response to Civil Disclosure question (J)(1) and (2) on the MU4
17 application, which specifically asked:

18 (J)(2) Is there a pending financial services-related civil action in which
19 you are named for any alleged violation described in (J)(1)?

20 (J)(1) Has any domestic or foreign court ever: (a) enjoined you in
connection with any financial services-related activity?

21 13. From the time he was served with the summons and complaint until he was dismissed
22 from the lawsuit on February 3, 2016, Mickley did not amend his MU4 application to disclose
23 the lawsuit.

24 **III.**

25 **Applicable Law**

26 14. Financial Code section 50513 authorizes the Commissioner to revoke a mortgage loan
27 originator license if the licensee fails at any time to meet the requirement of Financial Code section
28 50141. (Fin. Code, § 50513, subd. (a)(2).) Financial Code section 50141 requires the Commissioner

1 to deny an application for a mortgage loan originator license if the Commissioner cannot find that
2 the applicant “has demonstrated such financial responsibility, character, and general fitness or to
3 command the confidence of the community and to warrant a determination that the mortgage loan
4 originator will operate honestly, fairly, and efficiently within the purpose of this division.” (Fin.
5 Code, § 50141, subd. (a)(3).)

6 15. In addition, Financial Code section 50513 allows the Commissioner to revoke a mortgage
7 loan originator license if an applicant “withholds information or makes a material misrepresentation
8 in an application for license or license renewal.” (Fin. Code, § 50513, subd. (a)(2).)

9 **IV.**

10 **Grounds for Revoking Mickley’s MLO License**

11 16. Based on the foregoing findings of fact, the Commissioner has determined that there are
12 grounds to revoke Mickley’s MLO license under Financial Code sections 50141 and 50513, for the
13 following reasons:

14 Mickley secretly misappropriated confidential and proprietary information, including
15 customer information, from his former employer, MOMCo, knowing that such action violated
16 MOMCo’s written policies, which Mickley had agreed to abide by. Moreover, Mickley failed to
17 inform MOMCo’s customers that their loan applications were actually being processed by
18 Guaranteed, and instead misrepresented to at least one customer that Guaranteed was just handling
19 the “rate lock” for the customer’s loan. As such, Mickley has failed to demonstrate character, failed
20 to demonstrate that he can “command the confidence of the community” or that he “will operate
21 honestly, fairly, and efficiently” with respect to his job as a MLO.

22 In addition, Mickley withheld information regarding the termination of his employment with
23 MOMCo, and failed to disclose to the Commissioner the fact that he had been named in a lawsuit in
24 which an injunction was sought against him to prevent him from engaging in certain financial
25 services-related activity.

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V.

Conclusion

17. The Commissioner finds, by reason of the foregoing, that Mickley fails to meet the requirement of Financial Code section 50141 and that he withheld and misrepresented material information in a MLO license renewal application.

WHEREFORE, notice is hereby given of the Commissioner’s intention to issue an order under Financial Code section 50513 to revoke the mortgage loan originator license of William John Mickley, Jr..

Dated: October 31, 2017
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
KENNY V. NGUYEN
Senior Counsel